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### **House Bill 6196 (As Introduced)**

**Topic:** Certified Public Accountants  
**Sponsor:** Representative Johnson  
**Co-sponsors:** Representatives Stamas and Rocca  
**Committee:** House Regulatory Reform

**Date Introduced:** May 19, 2010

**Date of Summary:** May 20, 2010

The bill amends multiple sections of Article 7 of the Occupational Code, which provides for the licensure of certified public accountants.

The scope of CPAs work related to management advisory, financial advisory, or consulting services is expanded to include business valuation, forensic accounting, and fraud examination services.

The bill makes changes in the qualifying experience required for licensure as a CPA. Qualified experience is defined as experience gained through employment in government, industry, academia, or public practice in one or more of the following areas:

- Audits, reviews, and compilations of financial statements in accordance with applicable standards at the time of engagement.
- Attestation engagements and other auditing in accordance with applicable standards at the time of engagement. Other audits include reviews regarding internal control, operational and compliance audits, and expressions of an opinion on financial forecasts and projections.
- Independent internal audits.
- Compliance audits of government contracts and audits performed on behalf of a government agency resulting in issuance of an opinion or report.
- Preparation of income and nonprofit tax returns for any taxing jurisdiction.
- Properly documented tax research.
- Representing a client before a government agency on a tax matter.
- Financial forecasts, analyses, and projections.
- Management advisory services.
- Management and supervision of accounting functions and preparation of financial statements for profit and nonprofit entities.

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Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

- Professional accounting-related work in a public accounting firm.
- Other work generally associated with the profession.

An applicant may not receive qualifying experience credit for nonprofessional work, including recruiting, industrial engineering, administration, bookkeeping, and appraisals, or paraprofessional work outside a public accounting firm.

Requirements for licensure of CPAs credentialed in other states or countries are changed by the bill. Licensees from other states would merely have to document four years of qualifying experience after passing the other state's examination within 10 years immediately preceding the application for Michigan licensure. This new language would replace current language requiring a determination that the other state's requirements are equivalent to those in Michigan. The previous language is deleted by the bill.

Foreign applicants would continue to be subject to a determination that standards of the jurisdiction issuing their certificate were equivalent to Michigan requirements. The requirement that the applicant must have passed an examination on topics specific to the practice of public accounting in the United States is deleted.

Technical language changes are made in the peer review requirements of Article 7. "Adverse report" is changed to "fail rating". "Modified peer review report" is renamed "consecutive pass with deficiencies rating".

The scope of penalties in Section 734 is expanded to include departure from standards of professional practice applicable to the engagement, at the time of the engagement. Cancellation, revocation, suspension, or refusal to renew authority to practice by any jurisdiction of the United States would now be subject to penalties. Suspension or revocation of the right to practice before a public accounting oversight board would also be subject to penalties.